

Medicare Advantage Outreach and Education Bulletin



August, 2010

To: Medicare Advantage Physicians and Practitioners

Risk Adjustment 101

Did you know that Medicare Advantage plans, like Empire Blue Cross and Blue Shield ("Empire") are required to report member diagnoses to the Centers for Medicare and Medicaid Services ("CMS")? This information is used to risk adjust payments received by the health plan from CMS. This is referred to as the ***CMS HCC Risk Adjustment Payment Methodology***.

What is the CMS-HCC Risk Adjustment Payment Methodology?

It is the payment methodology used by CMS to adjust its payments to the plan based on the health status and demographic characteristics of a member. The result is higher payments from CMS for members who are at risk for being sicker and lower payments for members who are predicted to be healthier.

You Play a Critical Role

You, as the provider, play a critical role in facilitating the risk adjustment process. How?

- ICD-9 codes recorded on claims and encounters are reported to CMS and used to determine the risk adjusted payment;
- CMS requires that providers use the most specific code available (including secondary codes when appropriate);
- CMS uses documentation from the member's medical record to validate that the appropriate ICD-9 code has been assigned, and may review this data at any time, including annually;
- If the medical record does not support the reported ICD-9 code, CMS may adjust health plan payments.

Your assistance and commitment to this process is critical. By supplying Anthem with the most accurate and complete diagnosis coding and medical record documentation, you will help us meet our reporting requirements and obligations to CMS.

Our goal is to help you better understand how the risk adjustment process impacts Anthem, you, as the provider, and our members. For more information related to this important subject, please contact your provider engagement representative.

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